

Confidential

Little Falls Shop Rite

Cigarette Category
Merchandising Presentation

51849 8076

Little Falls Shop Rite

Issue

If the sales of single pack cigarettes are discontinued what impact would be felt on Category Sales, Profits, Profit Margins, and Store Sales?

Key Points

- ◆ *The sales of single packs accounts for approximately 30% of the total category.... \$ 158,000 annually.*
- ◆ *Total Category profit is estimated at \$82,000 annually.*
- ◆ *If sales of packs are discontinued a minimum of 30% decrease in the category will occur.*
- ◆ *Shop Rite Customers will go elsewhere to buy packs, and other items.*

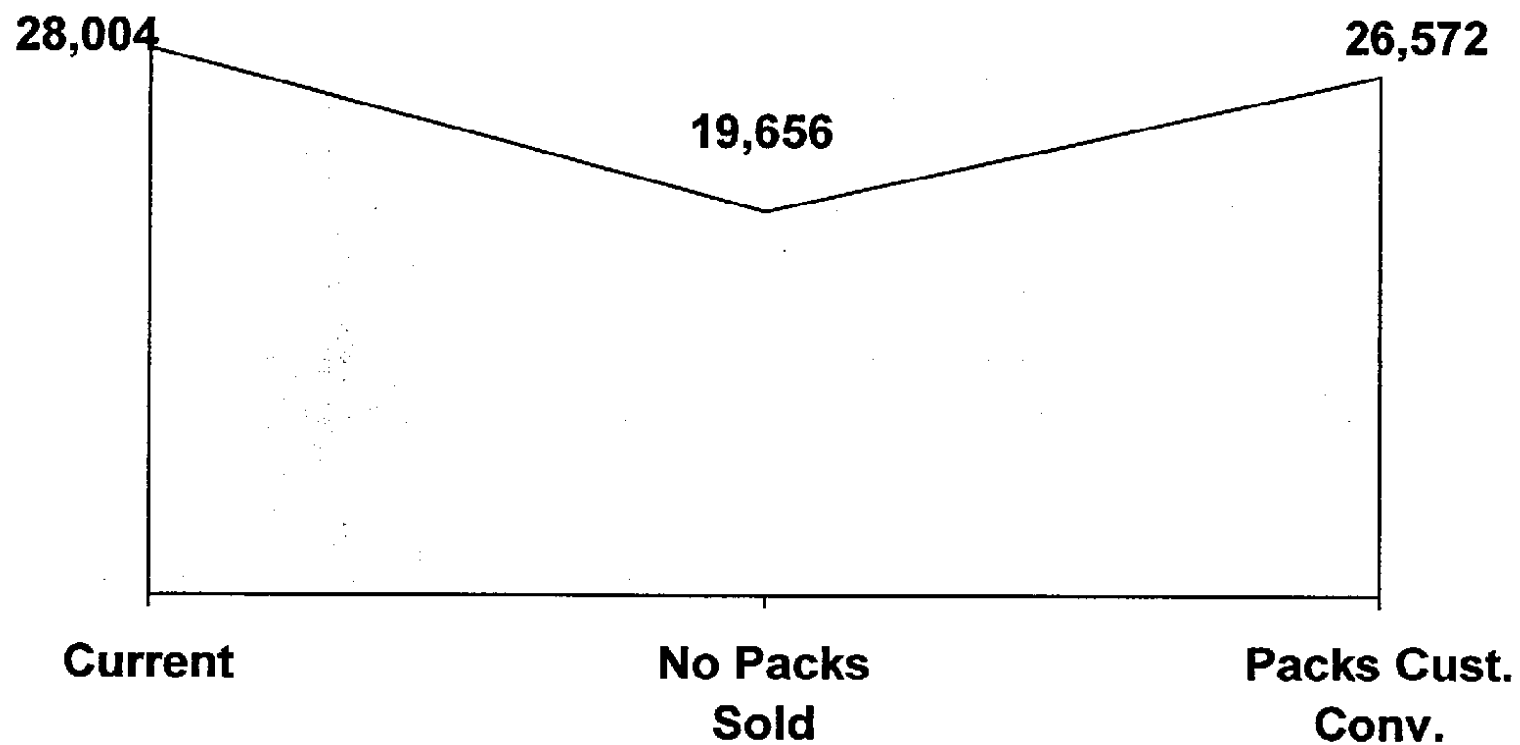
Little Falls Shop Rite Merchandising Alternatives

- ⇒ *Place cartons in low profile RJR Carton Merchandisers with solid locked security doors in front of register area. [This method of carton merchandising currently being used by Foodarama, Shop Rite Supermarkets, Glass ShopRite and Oakland Shop Rite]*
- ⇒ *Place RJR Springfed Merchandiser (s) in Customer Service Center featuring single packs and multi pack offers from all companies.*

Rationale

- *Shop Rite Customer Satisfaction*
- *Minimize sales impact from self-service merchandiser removal.*
- *Store control over underage purchase issue*

*Little Falls Shop Rite
Cartons Sold
Volume Impact*



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*Little Falls Shop Rite
Discontinuance Of Cigarette Pack Sales
Category \$ Sales Impact (Gross Sales)*



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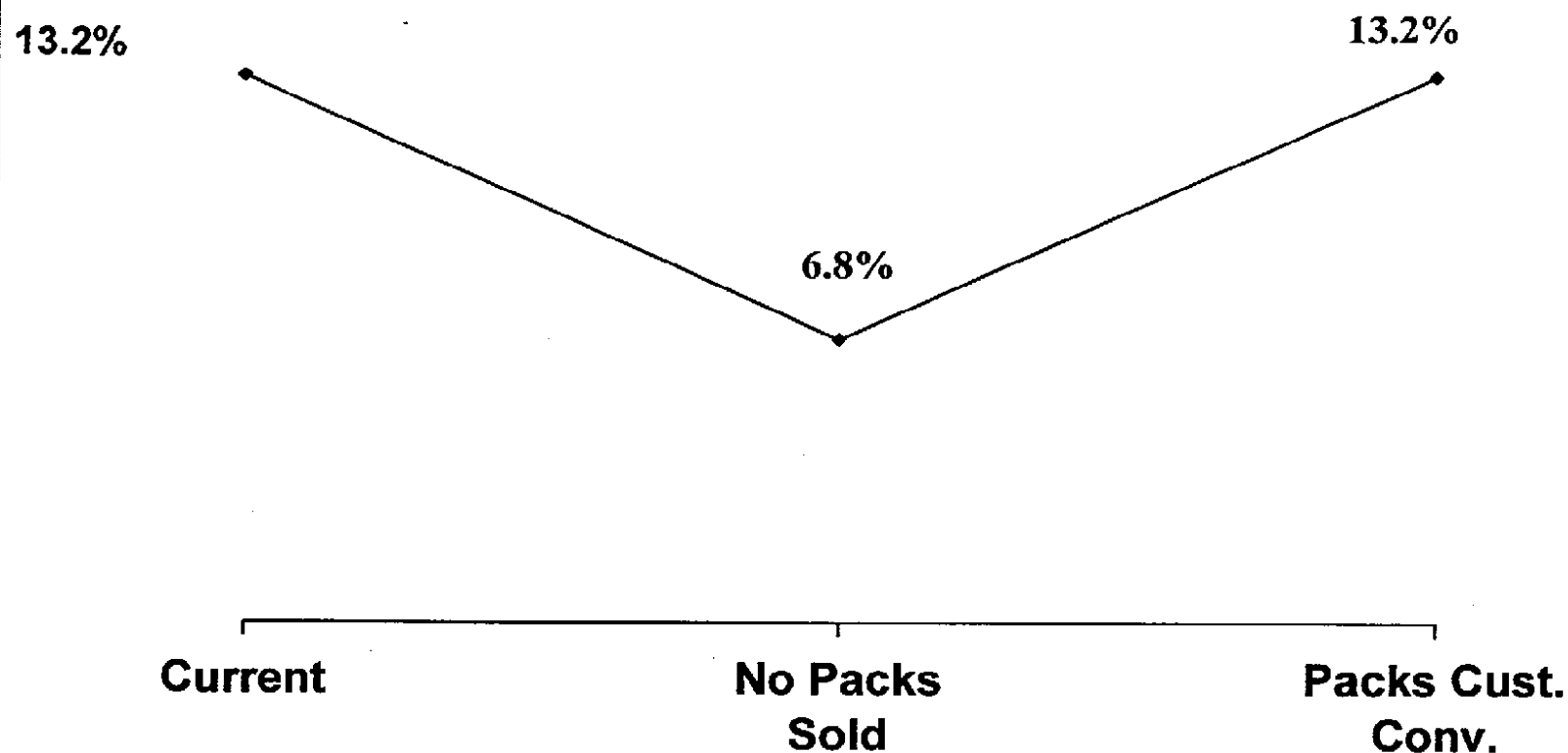
*Little Falls Shop Rite
Discontinuance Of Cigarette Pack Sales
Category Gross Profit Impact*



Note: Profit numbers for Current and Cust. Conv. include RJR and P. Morris contract payments.

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*Little Falls Shop Rite
Discontinuance Of Cigarette Pack Sales
Average Weighted Gross Margin*



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